GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1730
ANSWERED ON:08.08.2006
NORMS FOR FDI
Singh Shri Prabhunath

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the FDI norms laid down for investment particularly in manufacturing sector;

(b) whether there is any proposal to ease FDI norms; and

(c) if so, the details thereof, sector-wise and benefits likely to be accrued therefrom?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a): Detailed FDI Policy norms have been amended by Government from time to time. Foreign Direct Investment (FDI) up to 100% is permitted on the automatic route in all manufacturing activities except:-

(i) Defence Industry (where there is an equity cap of 26% and entry route restriction);

(ii) Cigars & Cigarette manufacturing (where there is an entry route restriction);

(iii) Where provisions of Press Note 1(2005 series) are attracted i.e where the foreign investor has an existing joint venture in India in the same field(where there is an entry route restriction);

(iv) Where more than 24% foreign equity is proposed to be inducted for manufacture of items reserved for Small Scale sector(where there is an entry route restriction);

(b)&(c): The review of FDI policy is undertaken on a continuous basis with the objective to liberalise /rationalise /simplify both policy and procedures so as to optimize benefits for the industry and entrepreneurs. The policy was last reviewed in January 2006.